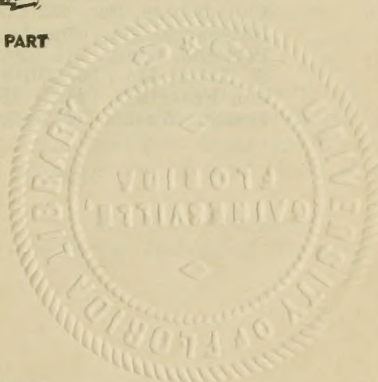
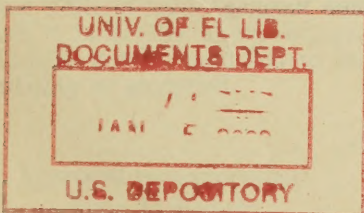


NATIONAL RECOVERY ADMINISTRATION

AMENDMENT TO
CODE OF FAIR COMPETITION
FOR THE
HARDWOOD DISTILLATION
INDUSTRY

AS APPROVED ON MARCH 21, 1934

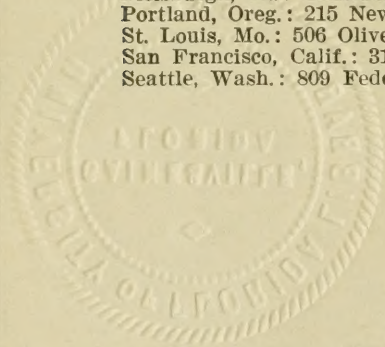


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Approved Code No. 110—Amendment No. 1

AMENDMENT TO
CODE OF FAIR COMPETITION
FOR THE
HARDWOOD DISTILLATION INDUSTRY

As Approved on March 21, 1934

ORDER

APPROVING AMENDMENT OF CODE OF FAIR COMPETITION FOR THE
HARDWOOD DISTILLATION INDUSTRY

An application having been duly made pursuant to and in full compliance with the provisions of Title I, of the National Industrial Recovery Act, approved June 16, 1933, for approval of amendment to a Code of Fair Competition for the Hardwood Distillation Industry, and hearing having been duly held thereon and the annexed report on said amendment, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate, by reference, said annexed report and do find that said amendment and the Code as constituted after being amended comply in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act, and do hereby order that said amendment be and it is hereby approved, and that the previous approval of said Code is hereby modified to include an approval of said Code in its entirety as amended.

HUGH S. JOHNSON,
Administrator for Industrial Recovery.

Approval recommended:

GEO. L. BERRY,
Division Administrator.

WASHINGTON, D.C.,
March 21, 1934.

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(1)

REPORT TO THE PRESIDENT

The PRESIDENT,
The White House.

SIR: This is a report on the Amendment to Article IX, Section 1, of the Code of Fair Competition for the Hardwood Distillation Industry, and on the hearing conducted thereon in Washington, D.C., on February 9, 1934, in accordance with the provisions of Title I of the National Industrial Recovery Act.

GENERAL STATEMENT

The Hardwood Distillation Industry, through its Code Authority, has availed itself of the provision in Article VI, Section C, Operative Provisions, of the Code of Fair Competition for the Hardwood Distillation Industry, approved by you on November 10, 1933, which reads as follows:

"The Code Authority shall study the functioning and operation of the industry under this Code, with a view to making recommendations to the Administrator which it deems desirable for modification or addition to the trade practice regulations and rules and regulations contained in this Code."

OBJECT AND ECONOMIC EFFECT OF THE AMENDMENT

Section 1 of Article IX and the preceding paragraph in the approved Code provide as follows:

"The Code Authority shall study trade practice rules and the operation thereof, and shall make any recommendations from time to time to the Administrator which it deems desirable for modification or addition thereto, which, upon the approval of the President, shall become a part of this Code and have full force and effect as provisions hereof. The following trade practices are hereby prohibited:

"1. For any member of the Industry to sell the products of the Industry below his individual cost of production of such products as determined in accordance with the uniform system of accounting referred to in Article VIII, after it has been approved by the Administrator."

The amendment to this Section consists principally of adding the following to Section 1 in the approved Code:

"Except to meet price competition either within or outside of the Hardwood Distillation Industry and in such case, each member of the Industry shall notify the Code Authority of the fact and his reasons therefor."

This additional provision is necessary in this Industry because two of the three principal products of the Industry, namely, acetic acid (or acetate of lime) and methanol (wood alcohol), are produced synthetically by chemical manufacturers who are not covered by the definition of the Hardwood Distillation Industry Code. It is generally believed that the synthetic producers of these two products have lower cost of production than members of the Hardwood Distillation Industry and to some extent at least, the price which members of the

Hardwood Distillation Industry can realize on these products is determined by the price set by synthetic producers. It is, therefore, conceivable that members of the Hardwood Distillation Industry would have to violate the provision in Section 1 of Article IX in order to sell these two products of the Industry in competition with prices which may be set by synthetic producers.

This amendment is in accord with the policy of the Administration as stated subsequent to the time when the Hardwood Distillation Industry Code was sent forward for approval. In general, without such a provision and ignoring for the moment, competition of synthetic producers in the two above mentioned products, if a member of the Industry could not sell below his cost to meet the competition of a more favorably situated or equipped plant, it would have the effect of allowing the more favorably situated or equipped plant to get more and more business and further reduce their costs. The tendency would be to concentrate all business in the hands of the most favorably situated or equipped plants. This consideration applies to the third product of the Industry, namely, charcoal, as well as to the above mentioned products which are in direct competition with synthetic producers.

I find that:

(a) The amendment to said Code and the Code as amended are well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act including the removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanction and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of the industries, by avoiding undue restrictions of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) The Code as amended complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7 and Subsection (b) of Section 10 thereof.

(c) The Code empowers the Code Authority to present the aforesaid amendment on behalf of the Industry as a whole.

(d) The amendment and the Code as amended are not designed to and will not permit monopolies or monopolistic practices.

(e) The amendment and the Code as amended are not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said amendment.

Respectfully,

HUGH S. JOHNSON,
Administrator.

MARCH 21, 1934.

AMENDMENT TO CODE OF FAIR COMPETITION FOR THE HARDWOOD DISTILLATION INDUSTRY

ARTICLE IX—SECTION 1

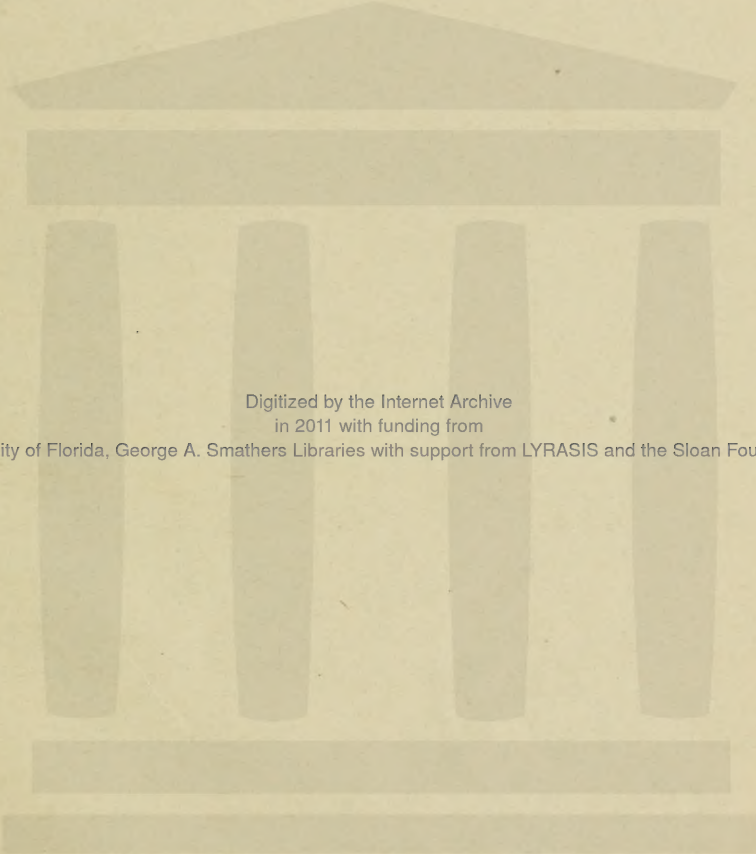
It is proposed to make this section read as follows:

"For any member of the Industry to sell the products of the Industry at prices below the cost to the individual producer as determined by the methods prescribed by the Code Authority, with the approval of the Administrator, except to meet price competition either within or outside of the Hardwood Distillation Industry and in such case each member of the Industry shall notify the Code Authority of the fact and his reasons therefor.

Approved Code No. 110. Amendment No. 1.
Registry No. 699-03.

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